EXHIBIT 6A

CREDIT SUISSE

12 February 2010
Americas/United States
Equity Research
Medical Supplies & Devices

Boston Scientific Corp. (BSX)

Rating	NEUTRAL*
Price (11 Feb 10, US$)	7.47
Target price (US$)	(from 9.50) 8.50[1]
52-week price range	11.75 - 6.14
Market cap. (US$ m)	11,240.86
Enterprise value (US$ m)	18,229.13

**Stock ratings are relative to the relevant country benchmark.*
[1]Target price is for 12 months.

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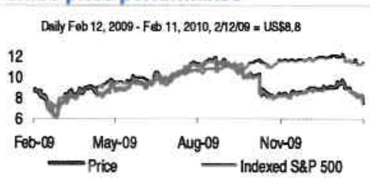
EARNINGS

The Situation: Not Good

- **Maintain Neutral rating.** We're lowering our EPS estimates and our target price to $8.50 from $9.50. We think the stock is range bound until there are convincing signs that fundamentals and earnings momentum will improve.
- **Key takeaways from the call:**
  - **Adjusted gross margins** fell 230 bps y/y to 66.5% due to a third party sourcing agreement (150bp) and write-offs/reserves related to the CRM product advisory (200bp). These items are not expected to repeat in similar magnitude next year, but adverse mix shifts in the drug-eluting stent business, Japan reimbursement cuts, lower expected CRM volumes coupled with continued pricing pressure will result in gross margins of 67%-68% in 2010 versus 69.1% in 2009.
  - **CRM disciplinary actions** (i.e. BSX fired personnel who were out of bounds with corporate ethics) may cost as much as $100 million in CRM device sales when coupled with the product advisory impact.
  - **It's going to take time to turn the ship around.** Management reviewed its restructuring efforts and reorganization. Given the host of challenges seemingly at hand, it's going to take a while.
- **Catalysts:** On 2/23, MDT will report its F3Q10 results. The American College of Cardiology meeting will be held 3/13. We expect news flow on drug-eluting stents; the PERSEUS (TAXUS Element) data will be presented along with other clinical trials. On 3/18, BSX will go before an FDA panel on to discuss the label indication expansion for MADIT-CRT.
- **Valuation:** We have reduced our 2010 EPS estimate which includes amortization to $0.43 (from $0.60) and our 2011 EPS estimate to $0.59 (from $0.75). With the lower EPS assumptions, our target price is reduced to $8.50 (from $9.50) and now applies a target PE of 19.7x our 2010E EPS or 12.2x 2010E "cash EPS" which excludes amortization.

Share price performance



On 02/11/10 the S&P 500 index closed at 1078.47

Quarterly EPS	Q1	Q2	Q3	Q4
2009A	0.12	0.13	0.12	0.13
2010E	0.09	0.10	0.11	0.13
2011E	0.13	0.14	0.15	0.16

Financial and valuation metrics

Year	12/09A	12/10E	12/11E	12/12E
EPS (CS adj.) (US$)	0.50	0.43	0.59	—
Prev. EPS (US$)	—	0.60	0.75	—
P/E (x)	14.9	17.3	12.7	—
P/E rel. (%)	96.8	139.1	116.7	—
Revenue (US$ m)	8,188.0	8,325.0	8,677.8	—
EBITDA (US$ m)	2,128.4	2,023.9	2,226.3	—
OCFPS (US$)	0.55	0.20	0.45	—
P/OCF (x)	16.3	38.2	16.6	—
EV/EBITDA (current)	8.6	9.0	8.1	—
Net debt (US$ m)	5,054	4,988	4,765	—
ROIC (%)	6.58	5.70	7.13	18.96

Number of shares (m)	1,504.80	IC (12/10E, US$ m)	18,116.26
BV/share (current, US$)	10.3	EV/IC (x)	1.0
Net debt (current, US$ m)	6,920.0	Dividend (12/09A, US$)	—
Net debt/tot. cap. (%)(current,	29.5	Dividend yield (%)	—

Source: Company data, Credit Suisse estimates.

4Q09 At A Glance

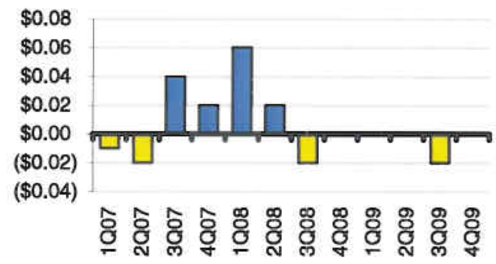
Exhibit 1: **4Q09 Earnings Summary**

	ACTUAL	FC Est	CS Est.	BSX Guidance
EPS (w/amort)	$0.13	$0.13	$0.13	$0.10-$0.14
Sales	$2,079M	$2,075M	$2,053M	$2,025-$2,125M FX positive $80M

- **Sales** of $2,079 million were up 3.8% on a reported basis and down 0.5% excluding currency. US sales were down 1.2% and OUS sales were up 10.8% reported and up 0.5% ex-FX. Adjusted EPS of $0.13 was in-line with our and Consensus estimates. There were a number of charges and adjustments totaling $1,670 million pre-tax. GAAP EPS was a loss of $0.71.
- **Drug-eluting stent** sales of $411 million were down 4% reported and down 8% excluding currency. Sales of $205 million were down 11% and OUS sales of $206 million were up 4% reported but down 5% ex-FX. Launch of PROMUS Element contributed $10 million to sales. Boston estimates global market share at about 39%, which is flat compared to 4Q08 with TAXUS holding 21% share and PROMUS share at 18%.
- **ICDs** sales of $449 million were up 5% reported and up 2% ex-FX. US sales of $307 million were up 3% and OUS sales of $142 million were up 11% reported but flat ex-FX. The company recorded $8 million in sales return reserves as a result of the subpectoral product advisory in December and $4 million in deferred revenues related to the launch of LATITUDE in Europe. Ex these items, Boston Scientific estimated global ICD sales would have been up 5% ex-FX.
- **Other businesses**: Non-DES and non-CRM worldwide revenues of $1,059 million were up 6% reported and up about 2% ex-FX. Ex-FX, neurovascular sales were down 6%, EP flat, peripheral interventions down 2%, other interventional down 3%, endosurgery up 9% (endoscopy up 9% while uro/gyn up 8%), and neurostim up 18% (easy comps),
- **Gross margins,** adjusted for a $14 million in restructuring expenses, were 66.5%. This was down 230 bps year-over-year and 310 bps sequentially. On a y/y basis, gross margins were down due to third-party sourcing agreement (-150 bps y/y), subpectoral advisory reserve and write-offs (-200 bps y/y), lower DES market share (-75 bps y/y), FX hedges (-80 bps y/y), and others (-25 bps y/y) offset by higher production volumes and lower quality spending (+90 bps y/y), CRM sales growth and improved cost (+65 bps y/y), reversal of sales reserves (+25 bps y/y), and 4Q08 was impacted by a $24 million inventory charge that did not repeat in 4Q09 (+120 bps).
- **SG&A expense** of 31.1% of sales was lower than our estimate of 32.5% and was 50 bps lower year-over-year and 150 bps down sequentially.
- **R&D** was 12.4% of sales was down 30 bps y/y and sequentially.
- **Tax benefit** of 3.2% or $6 million benefited $8 million (260 bps) from adjustments of the prior three quarters, $11 million due to favorable court decision in Italy on tax disputes, and $20 million from release of reserves for the expiration of certain foreign tax jurisdictions.

Source: Company reports, FactSet, Credit Suisse estimates

Exhibit 2: **Earnings Surprise Summary**



Source: Company reports, Credit Suisse estimates

Exhibit 3: **Sales Performance, 4Q09**

$ millions	4Q09 sales	Y/Y % Chg Rpt	Y/Y % Chg Ex-FX
WW Total Cardio	$871	-1.4%	-6.3%
US	$391	-10.9%	
OUS	$480	8.1%	-1.8%
WW DES	$411	-4.2%	-8.0%
US	$205	-11.3%	
OUS	$206	4.0%	-5.0%
WW Neurovasc	$89	-2.2%	-6.6%
US	$31	-3.1%	
OUS	$58	-1.7%	-8.5%
WW ICD+Pace	$607	6.3%	2.6%
US	$389	1.6%	
OUS	$218	16.0%	4.8%
WW ICDs	$449	5.2%	1.9%
US	$307	2.7%	
OUS	$142	10.9%	0.0%
WW EP	$38	2.7%	0.0%
US	$29	0.0%	
OUS	$9	12.5%	0.0%
WW Endoscopy	$269	15.0%	9.4%
US	$135	11.6%	
OUS	$134	18.6%	7.1%
WW Uro/Gyn	$123	9.8%	7.1%
US	$94	6.8%	
OUS	$29	20.8%	8.3%
WW Neurostim	$80	19.4%	17.9%
US	$76	18.8%	
OUS	$4	33.3%	0.0%
Total	$2,079	3.8%	-0.5%
Total (ex-div)	$2,077		

Source: Company reports, Credit Suisse estimates

Value is in the Eye of the Beholder

Following the release of its 4Q09 results and 2010 guidance, BSX shares fell 10% on Thursday to close at $7.47. The most common question we received was "is all the bad news now priced in and is the stock 'cheap' at current levels." Our view is no. If one looks at the stock on a PE basis using our adjusted EPS (which excludes restructuring, acquisition, integration) estimates, the stock trades at 17.3x 2010 estimates which is a premium to the sector at 13.8x (ex BSX and EW, see table below). On an adjusted "cash EPS" basis (which further excludes amortization), the stock looks slightly more attractive at 10.7x compared to 13.8x for the sector. Looking at an adjusted EV/EBITDA basis, the stock trades at 9.8x which compares to 8.7x for the group. We note, in arriving at this level we have used the company's year end net debt position and have adjusted to reflect the J&J litigation settlement as well as our estimate for other accrued legal and product liabilities. We do not believe looking at just "cash EPS' is appropriate rather one should also consider a more fully loaded PE and EV/EBITDA basis as well, which suggests to us, that BSX shares are not as "cheap" as it seem on "cash EPS". Thus we continue to rate BSX shares Neutral. We would be more constructive if we had greater confidence in the underlying fundamentals improving leading to improving earnings momentum.

Exhibit 4: **BSX Valuation Snap Shot**

BOSTON SCIENTIFIC CORP (BSX)	
Market Cap ($ bil):	$11.3
CS Rating:	Neutral
CS Target Price:	$8.50
Price as of 2/11/10	$7.47
Implied % change	13.8%

Earnings Per Share Expectations	Actual	First Call	CS Est	CS Cash	CS Y/Y
2008 A	$0.52			$0.81	1.3%
2009 A	$0.50			$0.78	-3.4%
2010 E		$0.58	$0.43	$0.70	-13.9%
2011 E		$0.70	$0.59	$0.82	36.5%

PE Valuation	w/amt	Cash EPS
PE on CS 2009E:	14.9x	9.6x
PE on CS 2010E:	17.3x	10.7x
12-Month Target Price Valuation		
	w/amt	Cash EPS
PE on CS 2010E:	19.7x	12.2x
PE on CS 2011E:	14.5x	10.4x

Enterprise Val ($ bil) $19.8
Enterprise Value is Adjusted for J&J litigation and other liabilities

Adjusted EBITDA		EBITDA excludes one time items
2009 A	$2,128	
2010 E	$2,024	
2011 E	$2,226	

EV (adj) /EBITDA Valuation	
on CS 2009E:	9.3x
on CS 2010E:	9.8x
on CS 2011E:	8.9x

	Price	Credit Suisse Fiscal Yr EPS Ests			First Call Mean Fiscal Yr EPS Ests			Calendarized PE Abs (using CS ests)			PE Rel to S&P500 Prem (Disc)			EV/ EBITDA (cal ests)		Div
	02/11/10	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2010	2011	Yield
STOCK MARKET DATA								(S&P using FC est)								
SPX	1,078.5	$60	$71		$60	$76	$89	18.1x	14.2x	12.2x						
MEDICAL SUPPLY																
BAX	$56.01	$3.79	$4.24	$4.72	$3.80	$4.24	$4.73	14.8x	13.2x	11.9x	-18%	-7%	-2%	8.7x	7.9x	2.1%
BCR	$81.51	$5.11	$5.60	$6.15	$5.09	$5.57	$6.17	15.9x	14.5x	13.2x	-12%	3%	9%	8.4x	7.5x	0.8%
BDX	$75.22	$4.96	$5.11	$5.62	$4.95	$5.13	$5.60	15.0x	14.4x	13.1x	-17%	2%	7%	7.9x	7.1x	2.0%
COV	$49.75	$2.85	$3.42	$3.79	$2.84	$3.41	$3.79	16.3x	14.2x	12.8x	-10%	0%	5%	8.9x	7.8x	1.4%
CFN	$25.80	$1.54	$1.45	$1.62	$1.54	$1.47	$1.67	16.2x	17.3x	15.1x	-11%	22%	24%	8.1x	7.1x	0.0%
Equal Wtg Avg								15.6x	14.7x	13.2x	-14%	-1%	5%	8.5x	7.6x	1.6%
Market Wtg Avg								15.4x	14.1x	12.7x	-15%	-2%	3%	8.6x	7.7x	1.7%
CARDIOVASCULAR					Est w/amortization									unadjusted EV		
BSX	$7.47	$0.50	$0.43	$0.59	$0.56	$0.68	$0.82	14.9x	17.3x	12.7x	-18%	22%	4%	8.1x	7.4x	0.0%
EW	$86.35	$3.05	$3.57	$4.23	$3.05	$3.55	$4.20	28.4x	24.2x	20.4x	57%	71%	68%	13.6x	11.3x	0.0%
MDT	$42.30	$2.92	$3.19	$3.55	$2.92	$3.18	$3.52	13.5x	12.4x	11.0x	-25%	-13%	-10%	8.7x	8.1x	1.9%
STJ	$37.37	$2.43	$2.74	$3.06	$2.43	$2.75	$3.10	15.3x	13.7x	12.2x	-15%	-4%	0%	9.2x	7.7x	0.0%
Equal Wtg Avg								18.0x	16.9x	14.1x	0%	19%	16%	9.9x	8.6x	0.5%
Market Wtg Avg								15.0x	14.1x	12.0x	-17%	-1%	-1%	9.0x	8.1x	1.2%
ORTHOPEDIC																
SYK	$52.17	$2.95	$3.26	$3.64	$2.95	$3.27	$3.69	17.7x	16.0x	14.3x	-2%	13%	18%	9.6x	9.0x	1.2%
ZMH	$57.60	$3.94	$4.24	$4.65	$3.95	$4.26	$4.70	14.6x	13.6x	12.4x	-19%	-4%	2%	7.9x	7.1x	0.0%
Equal Wtg Avg								16.1x	14.8x	13.4x	-11%	4%	10%	8.8x	8.1x	0.6%
Market Wtg Avg								16.5x	15.1x	13.6x	-9%	6%	12%	9.0x	8.3x	0.7%
Medtech - Mkt Wgt								15.4x	14.3x	12.6x	-15%	1%	3%	8.6x	7.7x	1.3%
Medtech(ex-BSX, EW)- Mkt Wgt								15.1x	13.8x	12.4x	-16%	-3%	2%	8.7x	7.9x	1.4%

Source: Company data, FactSet, Credit Suisse estimates

The Outlook

Boston Scientific's earnings have been flat for the past three years and are expected to decline next year as the company faces a host of challenges. The fundamentals continue to deteriorate and earnings revisions continue to be negative. The company is heavily weighted to the coronary stent and cardiac rhythm management markets, two markets that we do not find to be particularly attractive at the present time. Moreover, Boston Scientific's positions within these markets are challenged. In coronary stents, the company is facing an adverse mix shift from TAXUS to PROMUS, which is half as profitable. At some point in the future, profitability will be restored through the conversion to PROMUS Element but the real opportunity is in 2012. Even then, it's a one year step function and then sales (like the market) will likely continue to decline. In cardiac rhythm management, the company gained share in 2009 however it now appears that such share gains may have been helped by questionable sales practices. Boston Scientific indicated it let go some CRM personnel due to noncompliance with the company's ethic policy. Boston Scientific also issued a CRM product advisory in December. The combination of the disciplinary actions and the product advisory may cost the company, by its own estimates, $100 million in revenues in 2010. All things considered, we do not believe the shares are attractive at current levels.

Exhibit 5: **Boston Scientific Guidance and CS estimates**

	1Q10 Low	1Q10 High	1Q10 CS Est	2010 Low	2010 High	2010 CS Est
Sales ($ million)	**$2,000**	**$2,100**	**$2,041**	**$8,100**	**$8,500**	**$8,325**
Worldwide DES	$385	$435	$404			$1,626
US DES	$195	$215	$202			$770
OUS DES	$190	$210	$202			$856
Worldwide ICD	$440	$470	$458			$1,809
US ICD	$300	$320	$313			$1,223
OUS ICD	$140	$150	$145			$586
GAAP	**$0.15**	**$0.20**	**$0.18**	**$0.37**	**$0.49**	**$0.46**
Est acq-related charges (credits)	($0.14)	($0.14)	($0.14)	($0.14)	($0.14)	($0.14)
Est restructuring charges (credits)	$0.05	$0.04	$0.04	$0.12	$0.10	$0.11
Adjusted EPS	**$0.06**	**$0.10**	**$0.09**	**$0.35**	**$0.45**	**$0.43**
Amortization expense	$0.07	$0.07	$0.07	$0.27	$0.27	$0.27
Cash adjusted EPS	**$0.13**	**$0.17**	**$0.16**	**$0.62**	**$0.72**	**$0.70**
Gross margins				67% - 68%		67.6%
SG&A expense				Flat % of sales		32.0%
R&D expense				~$1 billion		$1,031
Tax Rate				22%		21.8%

Source: Company data, Credit Suisse estimates

1Q10 Guidance

Boston Scientific expects sales to be in the range of $2.0-$2.1 billion and GAAP EPS to be $0.15-$0.20. This includes $0.14 in acquisition-related credit and $0.04-$0.05 in estimated restructuring-related charges. Excluding these items, adjusted EPS is expected to be $0.06-$0.10, below our pre-quarter estimate and current Consensus EPS of $0.13. Further excluding $0.07 in amortization expense, "adjusted cash EPS" is expected to be $0.13-$0.17. We are adjusting our 1Q109 adjusted EPS to $0.09 (down from $0.13) and cash EPS to $0.16 (down from $0.20).

2010 Guidance

Boston Scientific is guided to sales of $8.1-$8.5 billion (assuming an FX benefit of about $117 million or 1%-pt) and GAAP EPS of $0.37-$0.49 for 2010. GAAP EPS includes $0.14 in estimated acquisition-related credits (the $250 million received from Abbott for PROMUS approval in Japan), $0.10-$0.12 in estimated restructuring-related charges.

Excluding these charges, adjusted EPS is expected to be $0.35-$0.45, which compared to then Consensus estimate of $0.57. Excluding charges and amortization expense of $0.27, Boston Scientific expects "cash adjusted EPS" of $0.62-$0.72. We view this guidance to be reasonable, if not conservative. However, there remain several moving piece such as PROMUS/TAXUS mix shift, potential CRM share losses due to disciplinary actions of its sales reps and managers, pricing pressures, as well as other market dynamics. We have adjusted our 2010 EPS to $0.43 (down from $0.60) and our cash EPS to $0.70 (down from $0.86).

- **Gross margin** is expected to be between 67%-68%, which is down from 69.1% in 2009. The lower gross margin is due to the launch of PROMUS Element in Europe, PROMUS launch in Japan and the expected increase mix of PROMUS sales vs. TAXUS sales in the US. Boston expects this to continue until mid-2012 when PROMUS Element is launched in the US and Japan. In addition, management noted increasing pricing pressures are expected in the CRM space due to cost sensitivity in the US and EU. Japan reimbursement cuts are also expected to weigh on the gross margin in 2010 and management estimate it represented a quarter of the y/y decline.
- **SG&A expense** is guided to be relatively flat year-over-year as a percentage of sales as restructuring benefits are offset by other investments. The company will also incur $30 million in incremental costs associated with credit fees and interest associated with the J&J settlement, which will be classified as legal/administrative expenses.
- **R&D spend** is expected to remain at the $1 billion market and thus decrease as a percent of sales going forward.
- **Tax rate** is expected to be 22% for the full year, which includes the assumption that the R&D tax credit will be restated in the fourth quarter and other discrete tax credits (about 200 bps). Boston Scientific expects a 24% tax rate in 1Q-3Q with a lower rate in 4Q resulting in the full year rate of 22%. The year-to-year increase in the tax rate is a result of interest on the payment of the J&J patent settlement (+200 bps), geographic mix, and variability of interest on tax reserves.
- **Capital expenditures** are guided to be $350-$400 million, which includes $10-$15 million from restructuring expenses.
- **Cash flow** is expected to be about $100 million a month.

4Q09 Review

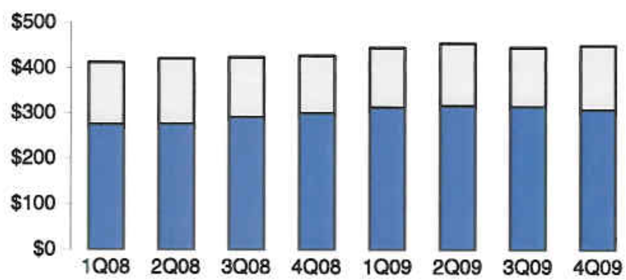
Cardiac Rhythm Management

Global CRM sales (ICDs and pacemakers) of $607 million were up 6% reported and up 3% excluding currency. Boston recorded $8 million in sales return reserves as a result of the subpectoral product advisory in December and $4 million in deferred revenues related to the launch of LATITUDE in Europe. Excluding these items, Boston Scientific estimated it CRM sales would have been up 5% excluding currency. US sales of $389 million were up 2% while OUS sales of $218 million were up 16% reported and up 4% excluding FX. Management believes its global CRM market share was up globally in 4Q09.

ICDs: Impacted by Product Advisory

Global ICD sales were $449 million, up 5% reported and up 2% excluding FX. Sales were at the low end of management's guidance of $445-$475 million and below our estimate of $457 million and StreetAccount Consensus estimate of $454 million. Excluding the impact from the subpectoral product advisory and LATITUDE revenue deferral in Europe, Boston estimates sales were up 5% excluding currency. US ICD sales were $307 million, up 3% (up 5% ex-subpectoral and LATITUDE) and OUS sales of $142 million were up 11% reported but flat ex-FX (up 4% ex- subpectoral and LATITUDE). Boston believes it took more than a point in market share in the US ICD market in 2009 driven by the launches of Cognis and Teligen. In comparison, St. Jude reported global ICD sales of $395 million, down 1% when excluding currency with US sales down 5% and OUS sales up 14% reported and up 5% ex-FX. In Japan, the company recently launched its Cognis and Teligen products and is continuing to building its distribution channels.

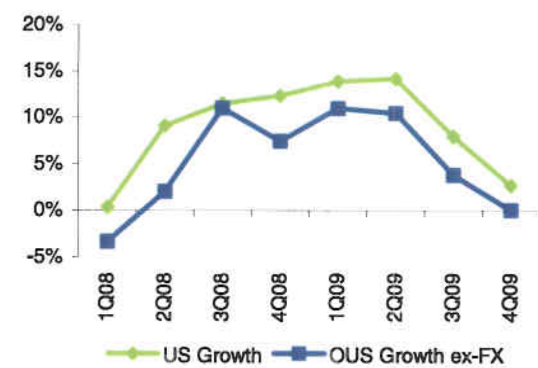
Exhibit 6: **BSX ICD Sales ($ millions)**



	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
OUS	$137	$144	$132	$128	$132	$139	$131	$142
US	$274	$276	$291	$299	$312	$315	$314	$307

Source: Company data, Credit Suisse estimates

Exhibit 7: **BSX ICD US and OUS Growth Rates**



Source: Company data, Credit Suisse estimates

Background on subpectoral product advisory. In December, Boston issued a product advisory for Cognis and Teligen devices implanted subpectorally (about 5% of total Cognis and Teligen implants globally). The location of the implant (under the muscle) lead to a higher propensity to see a weakened header bond (more friction) which in turn could lead to higher inappropriate shocks or inhibit pacing therapy. Boston is launching a new version of its Cognis and Teligen devices with an improved header bond. Boston estimates it lost about $7-$8 million in potential revenues in 4Q09 as a result of the product advisory, the majority of which were OUS (more implanted subpectorally outside the US) and as a result of a loss of confidence in the devices. This is in addition to the $8 million in sales return reserve mentioned above.

In terms of new products, Boston anticipates launching its IS-4 compatible header and defibrillator lead in the US around mid-2010 and a new wireless pacemaker in the US and Europe in early 2011.

The company continues to see the global ICD market grow at about 4% with the US at about 2% and OUS growing at 6%. Recall that the company had reduced its CRM market growth assumptions post 3Q09 earnings due to weakness in the overall market.

Pacemaker sales of $158 million were up 10% reported and up 5% excluding currency. US sales of $82 million were down 2% and OUS sales of $76 million were up 27% reported and up 8% excluding currency driven by the Altrua system.

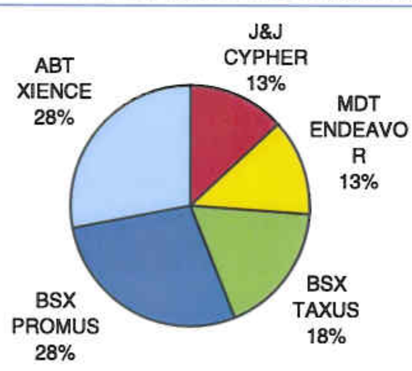
Disciplinary Actions in CRM

One key focus of the earnings call was management's announcement that disciplinary actions were taken with a number of CRM sales reps (would not specify how many) and managers that had "breached healthcare professional code of conduct". The company also alluded that additional actions may be taken in the future. The company noted on the call it believes these sales reps were hired too quickly by its competitor St. Jude. And similar to other healthcare industries such as orthopedics and pharmaceuticals, sales reps tend to bring their accounts. Thus, Boston anticipates a loss of sales in 2010 as a result of these sales force reductions. Management estimates the impact to the CRM at about $100 million in 2010, which also includes potential revenue losses as a result of the subpectoral product advisory for Cognis and Teligen last December. In our view, the $100 million seems a bit large. St. Jude commented at its analyst day on February 5 that it had recently replaced some of its CRM sales reps with higher performers, though we did not get the sense it would be anywhere close to that meaningful.

Drug-Eluting Stents: Adverse Mix Shift to PROMUS

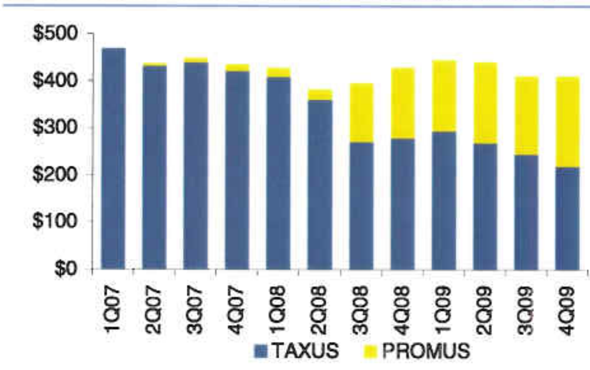
Worldwide DES sales of $411 million were on the lower end of management's guidance of $400-$440 million and were down 4% reported and down 8% excluding currency. TAXUS sales were $219 million, PROMUS sales were $182 million, and PROMUS Element (launched in November) sales were $10 million. The launch of PROMUS Element in Europe will be gradual as the company will need to introduce the product as tenders are renegotiated. Boston estimates the global DES market at $1,049 million, down 1% or 6% excluding FX and the sales reserve in 4Q08. Unit volume was up about 8% with an increase in PCI volume and DES penetration to 64% but offset by an 8% decline in ASP. Overall market dollar growth was negative in the quarter.

Exhibit 8: **BSX US DES Market Share Estimates (4Q09)**



Source: Boston Scientific

Exhibit 9: **WW TAXUS v PROMUS Sales ($ millions)**



Source: Boston Scientific, Credit Suisse estimates

Boston Scientific estimates its global market share at about 39%, which is flat compared to 4Q08 (after adjusting for the sales reserves in 4Q08) with TAXUS holding 21% share and PROMUS share at 18%. This is a 2%-pt decline from 41% share in 3Q09 and management also noted a decline of 2%-3% points in TAXUS share since the TCT

conference in September where unfavorable COMPARE and SPIRIT IV results were released. There has been a 4%-pt share shift from TAXUS to PROMUS since 4Q08. In 2010, the company guidance implies TAXUS sales to continue to decline, negatively impacting sales mix, overall share, and gross margins. We concur.

US DES sales were $205 million, down 11% year-over-year and down from $222 million in 3Q09 and was at the low end of management's guidance of $205-$225 million. Boston estimates the US DES market was about $448 million in 4Q09, down about 6% year-over-year with unit volume up 3% and ASPs and price and negative mix shift down 8%. Price for PROMUS and TAXUS were down about 7% in 4Q09. US PCI volume was down 3% year-over-year and down 1% sequentially to 249,000 procedures while DES penetration was up 4% year-over-year and 2%-pts sequentially to 77%. In the US, Boston estimates PROMUS share at 28% (up 2%-pts sequentially), Abbott's XIENCE share at 28% (up 1%-pt seq), TAXUS at 18% (down 5%-pts seq), Medtronic's ENDEAVOR share at 13% (up 1%-pt seq), and JNJ's CYPHER share at 13% (up 1%-pt seq). Boston Scientific commented on the call that it remains on track to launch PROMUS Element in the US and Japan in mid-2012. TAXUS Element is anticipated to launch in the US in mid-2011.

International DES sales were $206 million, up 4% reported and down about 5% excluding currency. Sales were at the midpoint of management's guidance of $195-$215 million, although likely benefiting from a higher FX impact. TAXUS sales were $137 million, PROMUS sales $59 million, and PROMUS Element sales $10 million ($9 million Europe and $1 million in Americas). International DES PCI procedures were 559,000 in the quarter, up from 494,000 in 3Q09, 534,000 in 2Q09, and 504,000 procedures in 1Q09.

- Boston estimates its market share in the EMEA region at 34%, flat year-over-year and up 1% sequentially. TAXUS sales were $41 million (16% share), PROMUS sales $36 million (14% share), and PROMUS Element sales $9 million (4% share). PCI procedures were 318,000 (up from 282,000 in 3Q09) and DES penetration rate was up 2%-pts sequentially to 55%. TAXUS Element is expected to be launched in Europe in 2Q10 (already launched in some unregulated markets). Results from the pivotal trial will be released at the upcoming American College of Cardiology meeting in March.
- Sales in Japan were $67 million with share at 44%, down 2%-pts year-over-year. The company has been able to maintain its market leading position despite the launch of Medtronic's ENDEAVOR last May. Boston estimates J&J's CYPHER share at about 38% and ENDEAVOR share at 18%. PCI volume was 58,000 procedures in 4Q09 and DES penetrate rate was up 1% to 69%. The PROMUS/XIENCE platform was approved in January and was recently launched. The TAXUS Element stent is anticipated to launch in Japan in late 2011 or early 2012.
- Asia-Pacific sales were $27 million and Boston's share is estimated at 18% of which 9% ($14 million) are TAXUS sales and 9% ($13 million) are PROMUS sales. Procedure volume was 121,000 and DES penetrate rate flat at 74%.
- Americas (ex-US) sales were $26 million at 51% market share with 30% ($15 million) in TAXUS, 20% ($10 million) in PROMUS share, and 1% ($1 million) in PROMUS Element share. Procedures were 62,000 and DES penetration was up 1% to 33%.

Exhibit 10: Worldwide and US Drug-Eluting Stent Market Trends

	WW DES Market (y/y % chg)	Volume and ASP	US DES Market (y/y % chg)	Volume and ASP	US PCI Volume	US Penetration
1Q08	$1,027M (-9%)		$422M (-21%)	Down 21%	251,000	63%
2Q08	$1,050M		$440M		251,000, up 3%	66%
3Q08	$1,019M (+8%)	Vol up 12% ASP down 4%	$460M (+8%)	Vol up 17% ASP down 8%-9%	251,000 up 5%	70%+
4Q08	$1,075M (+8%)	Vol up 20% ASP down 12%	$486M (+17%)	Vol up 25% ASP down 8%	257,000, up 4%	73%
1Q09	$1,019M (+3%)	Vol up 13% ASP down 10%	$493M (+13%)	Vol up 21% ASP down 8%	252,000, up 1%	75%
2Q09	$1,049M (-2%)	Vol up 11% ASP down 13%	$480M (+9%)	Vol up 17% ASP down 8%	256,000, up 2%	75%
3Q09	$1,000M (-2%)	Vol up 9% ASP down 11%	$453M (-1%)	Vol up 7% ASP down 8%	252,000, up 1%	75%
4Q09	$1,049M (-1%)	Vol up 8% ASP down 8%	$448M (-6%)	Vol up 3% ASP down 8%	249,000, down 3%	77%

Source: Boston Scientific estimates

Beyond DES and CRM

Non-DES and non-CRM worldwide revenues of $1,059 million were up 6% reported and up about 2% when excluding currency. Based on the restructuring initiatives, the company is turning its focus to these non-DES and non-CRM businesses. New product launches in these businesses are expected to accelerate growth going forward.

Cardiovascular (ex-DES). Peripheral vascular sales of $168 million were up 4% reported but down 2% ex-FX due to pressures on balloons and stent sales. Management noted on the call that the US market growth had slowed 2%-3% in the second half of the year and 5% in the first half due to lower procedure rates however it position in the market has held. Boston expects to receive FDA approval for its Express LD stent in 1Q10 (delayed from 4Q09) and believes the product launch will help improve the US market in 2010. Other product launches expected in 2010 include the Sterling long balloons (1H10), Adapt Carotid System in Europe (1Q10), and Carotid WallStent system in Japan.

Other interventional cardiology sales were $250 million, up 2% reported but down 3% excluding FX. Sales decline was a result of competitive launches in PTCA balloons and delayed product launches by Boston. However, the company believes it maintained its market leading share positions of 56% in the US and 40% globally. The company expects to gain mid-single digit share through the recently launched APEX platinum balloon catheter (mid-January) and the anticipated 3Q10 launch of the MC Quantum APEX balloon catheter. In guidewires, the company is launching a new product line in 3Q10 that it believes will help capture share in the low double digits by the end of 2010.

Electrophysiology. Sales of $38 million were up 3% reported but flat when excluding currency. Boston recently launched its Blazer Prime in the US in November and plans to launch the Blazer Prime and Blazer DX-20 in Europe in the first half of 2010.

Neurovascular. Sales were $89 million, down 2% reported and down 6% excluding FX, and were below our estimate of $93 million. US sales were $31 million, down 3%, and OUS sales of $58 million were down 2% reported and down 8% ex-FX. Growth has been impacted by competition in the coil and stent businesses. Guidewire sales were up over 12%, WingSpan stent system up 7%, and the Gateway balloon catheters were up 4% while hemorrhagic coiling sales were down 15% and Neuroform stent sales were down 3%. Boston expects to launch its new coil, Project Phoenix, as well as its new stent delivery system, Neuroform EZ, by the end of the first quarter of 2010 and believes these product launches will help revive growth in the business.

Endoscopy. Sales of $269 million were up 15% reported and up 9% excluding FX and were above our estimate of $254 million. US sales of $135 million were up 12% while OUS sales of $134 million were up 19% reported and up 7% ex-FX. The RX stent system continues to see solid growth and the resolution clip grew 16% in 4Q09. Boston will fully launch its fully covered WallFlex esophageal stent in 1Q10. The company has initiated a trial evaluating the removal of the RX stent from patients with benign bile duct stricture.

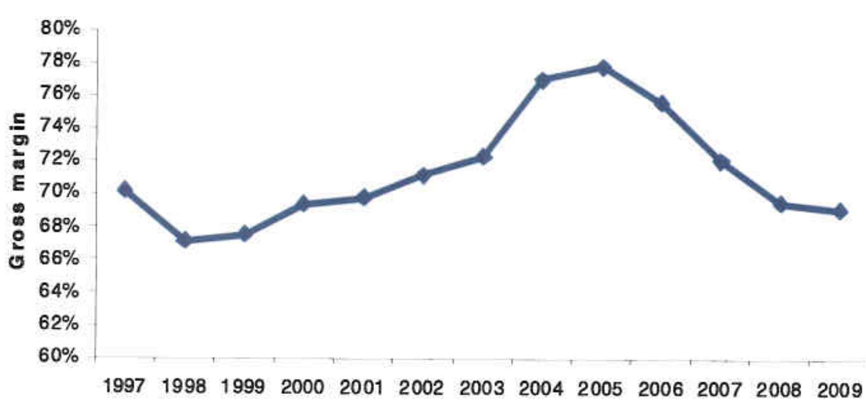
Urology/Gynecology. Sales of $123 million were up 10% reported and up 7% excluding FX, and in-line with our estimate. US sales of $94 million were up 7% and OUS sales of $29 million were up 21% reported and up 8% excluding currency. Boston was able to return the Prolieve product to the market in November (after recall in July). The Women's health business was up 23% driven by new product launches in the first half of 2009, including the single incision sling system, the pelvic floor repair kit, and the HTA procedure set. In 2010, the company will launch its next-generation Genesis HTA system for the treatment of excessive uterine bleeding. Boston also continues to expand its leadership position in the stone management business with sales growing above market at 6%.

Neuromodulation. Sales were $80 million, up 19% reported and up 18% excluding currency, and were above our estimate of $74 million. US sales were $76 million, up 19%, and OUS sales of $4 million were flat when excluding FX. Note the quarter had an easy comp as 4Q08 sales were only up 10% ex-FX compared to up 14% in 3Q08, up 20% in 2Q08, and up 40% in 1Q08. Boston will be launching two new leads in 1H10.

P&L Review

Gross margin adjusted for a $14 million in restructuring expenses was 66.5%, well below our estimate of 69.6% and down 230 bps year-over-year and 310 bps sequentially. Management noted the lower gross margin on a year-over-year basis was a result of a number of issues, including third-party sourcing agreement (-150 bps y/y), subpectoral advisory reserve and write-offs (-200 bps y/y), lower DES market share (-75 bps y/y), FX hedges (-80 bps y/y), and others (-25 bps y/y) offset by higher production volumes and lower quality spending (+90 bps y/y), CRM sales growth and improved cost (+65 bps y/y), reversal of sales reserves (+25 bps y/y), and 4Q08 was impacted by a $24 million inventory charge that did not repeat in 4Q09 (+120 bps).

Exhibit 11: **Boston Scientific Gross and EBITDA Margins**



Source: Company data, Credit Suisse estimates

Adjusted SG&A expense of 31.1% of sales was lower than our estimate of 32.5% and was 50 bps lower year-over-year and 150 bps lower sequentially. This excluded $3 million in restructuring expenses.

R&D expense was 12.4% of sales versus our estimate of 12.7% and was down 30 bps year-over-year and sequentially. On a dollar basis, R&D was $257 million in 4Q09 and $1,032 million for the full year. Boston commented that it believe this is an appropriate level of spend and expects R&D to remain at about the $1 billion mark going forward.

Operating margin (including amortization expense) was 14.9%, up 10 bps year-over-year but down 70 bps sequentially. Excluding amortization expense, operating margin was 21.0%, down 80 bps year-over-year and 70 bps sequentially. Subpectoral product advisory and inventory write-offs, lower DES share, adverse sales mix (more PROMUS less TAXUS), and the third-party sourcing agreement weighed on margins. Recovery from prior product recalls in CV/Uro/Gyn businesses helped offset slightly.

Interest expense was $122 million in 4Q09 and included a one-time expense of $29 million in accelerate interest rate hedge costs and fees related to prepaying its bank term load due April 2011 (paid by $2 billion senior note offering). Excluding this charge, interest expense is down $14 million from 4Q08 but up $2 million sequentially due to higher interest on the new senior notes

Tax was a benefit of 3.2% or $6 million this quarter compared to our estimate of a tax expense of 17.0% and is similar to last year's tax benefit of 3.2%. Tax benefited by $8 million (260 bps) from adjustments on the prior three quarters, $11 million benefit due to favorable court decisions in Italy on tax disputes, and $20 million benefit from release of reserves for the expiration of certain foreign tax jurisdictions.

Adjusted EPS of $0.13 was in-line with our and Consensus estimates and within management's guidance of $0.10-$0.14. We estimate the tax benefit contributed about $0.03 to EPS, helping the company meet the Consensus EPS estimate of $0.13. GAAP EPS was a loss of $0.71 and included a number of one time charges totaling $1,670 million pre-tax and $1,415M after-tax.

- $2 million in intangible asset impairment charges
- $3 million ($4 million pre-tax) of purchased research and development charges associated with technology acquisitions.
- $5 million credit from prior divestitures.
- $28 million ($36 million pre-tax)) in restructuring related charges in connection with company's' plant network optimization plan and 2007 restructuring plan.
- $1,273 million ($1,499 million pre-tax) litigation-related charges primarily related to the J&J settlement on the Jang, Palmaz, and Gray patents of $1,725 million. Boston was required to pay $1 billion on February 1 and will pay the remaining $725 million by January 2011.
- $31 million income for discrete tax items for prior positions.
- $109 million ($129 million pre-tax) of amortization expense

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Cash Flows and Balance Sheet

Cash flow from operations was $329 million in the quarter. The company paid out $716 million to JNJ for the NIR stent patent settlement and $22 million in relation to a settlement with the Massachusetts, and nearly $100 million in other legal settlement payments. Capital expenditures were $87 million and free cash flow in 4Q09 was $417 million.

Total debt at year end was $5.9 billion, a decrease of $827 million year-over-year. Cash and equivalents totaled $864 million, $777 million lower than 4Q08 as the company paid $716 million for the J&J NIR stent patent settlement. Net debt was $5.1 billion.

Exhibit 12: **Boston Scientific Net Debt**

Source: Company data, Credit Suisse estimates

2010 Cash Inflow and Outflows

On February 1, 2010, Boston paid $1 billion ($800 million from cash on hand and $200 million from revolver) in relation to the recently announced J&J settlement for the Jang, Palmaz, and Gray patents of $1,725 million. The remaining $725 million is due by January 2011.

On November 3, 2009, Boston Scientific reached an agreement in principle with the U.S. Department of Justice to pay $296 million. The settlement would resolve the U.S. Government investigation of Guidant Corporation related to product advisories issued in 2005. We expect Boston Scientific to make the payment in 2010.

Slightly offsetting these cash outlay, Boston Scientific received a $250 million milestone payment from Abbott associated with the approval of PROMUS in Japan in January.